

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:                     )  
  )  
Business Meeting                     )  
  )  
\_\_\_\_\_ )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 13, 2008  
10:00 A.M.

Reported by:  
Peter Petty  
Contract Number: 150-07-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur Rosenfeld

James. D. Boyd

Jeffrey D. Byron

Karen Douglas

STAFF and CONTRACTORS PRESENT

Melissa Jones, Executive Director

Jonathan Blees, on behalf of  
Chief Counsel Chamberlain

Michael Smith, Legislative Director

Harriet Kallemeyn, Secretariat

Che McFarlin

Deborah Dyer

Susan Aronholt

Angela Gould

Tovah Ealey

David Chambers

Marty Sengo

Jason Orta

PUBLIC ADVISER

Nick Bartsch

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## P R O C E E D I N G S

10:00 a.m.

CHAIRPERSON PFANNENSTIEL: This is the Energy Commission biweekly meeting. Please join me in the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRPERSON PFANNENSTIEL: You may have noticed a new Commissioner today. I'd like to welcome Karen Douglas. We are absolutely delighted that she is here filling the not-easy-to-fill shoes or seat of Commissioner Geesman, former Commissioner Geesman.

So, welcome, Karen. Any words?

COMMISSIONER DOUGLAS: No, not really, thank you very much for the welcome. I'm delighted to be here. This is a very very important moment in the state's energy history. The Energy Commission has an extremely important role to fill, and I'm delighted to be part of it.

CHAIRPERSON PFANNENSTIEL: You will be.

(Laughter.)

CHAIRPERSON PFANNENSTIEL: We're glad you're here.

On to the agenda. The only change is

1 item number 3 is being held to the next business  
2 meeting, so it will be considered on February  
3 27th.

4 The consent calendar, is there a motion  
5 for the consent calendar.

6 COMMISSIONER ROSENFELD: I move the  
7 consent calendar.

8 COMMISSIONER BOYD: Second.

9 CHAIRPERSON PFANNENSTIEL: In favor?

10 (Ayes.)

11 CHAIRPERSON PFANNENSTIEL: The consent  
12 calendar is approved.

13 Item number 2.a. Possible approval of  
14 the Executive Director's data adequacy  
15 recommendation for Southern California Public  
16 Power Authority's application for certification of  
17 the Canyon Power Plant project. Good morning Che.

18 MR. McFARLIN: Good morning, Chairman  
19 Pfannenstiel and Commissioners. I'm Che McFarlin,  
20 Staff Siting Project Manager for the Canyon Power  
21 Plant project. Staff Counsel Debra Dyer is here  
22 with me.

23 On December 28th the Southern California  
24 Public Power Authority filed an AFC seeking  
25 approval from the Energy Commission to construct

1 and operate the proposed Canyon Power Plant. This  
2 proposes a 12-month AFC.

3 The proposed project site is in the City  
4 of Anaheim in an existing industrial area. It's  
5 proposed as a nominal 200 megawatt, natural gas  
6 fired simple cycle power plant, powered by four GE  
7 LM6000 gas turbine generating units.

8 The primary source of process water will  
9 be reclaimed water, and it would connected to the  
10 City's existing transmission system by underground  
11 cables.

12 At this time the only agency to comment  
13 has been the South Coast Air Quality Management  
14 District who submitted a letter stating that the  
15 permit application is currently incomplete. The  
16 applicant has submitted supplemental information  
17 to the District to try to get their completeness  
18 letter.

19 At this time staff determined that the  
20 project is data inadequate for the 12-month  
21 process in 12 separate technical areas, and we  
22 recommend that the AFC is found to be incomplete  
23 data adequate at this time.

24 We're working with the applicant to  
25 achieve data adequacy and hope that it will be

1 found data adequate at the upcoming business  
2 meeting.

3 If you have any questions I'd be happy  
4 to answer them.

5 CHAIRPERSON PFANNENSTIEL: Are there  
6 questions? Is there a motion to approve the  
7 Executive Director's recommendation?

8 COMMISSIONER BYRON: I'll move the item.

9 COMMISSIONER BOYD: Second.

10 CHAIRPERSON PFANNENSTIEL: All in favor?

11 (Ayes.)

12 MR. McFARLIN: Thank you.

13 CHAIRPERSON PFANNENSTIEL: Thank you.

14 Consequently we will not need an appointment of  
15 the siting committee today.

16 Item 4, possible approval of amendment 1  
17 to contract 200-04-004 with the Department of  
18 Finance for \$360,000 and a time extension of four  
19 years -- notice that's a change from the printed  
20 agenda which says three -- to perform annual  
21 audits of the renewable resources trust fund  
22 required by Senate Bill 90. Good morning.

23 MS. ARONHOLT: Good morning. I'm Susan  
24 Aronholt; I'm the Commission's new Budget Office.  
25 I've been that for a month now.

1                   CHAIRPERSON PFANNENSTIEL:

2       Congratulations.

3                   MS. ARONHOLT:   Thank you.   And as you  
4       said, I'm --

5                   COMMISSIONER BOYD:   Condolences.

6                   (Laughter.)

7                   MS. ARONHOLT:   What?

8                   COMMISSIONER BOYD:   Condolences.

9                   MS. ARONHOLT:   I know, I've heard that a  
10      lot, too.

11                  As you've said, I'm requesting approval  
12      for a term extension and the addition of \$360,000  
13      to our interagency agreement with the Department  
14      of Finance.   This is to conduct the annual  
15      renewable resource trust fund financial audit  
16      which is required by law in the Public Resources  
17      Code.

18                  This amendment would allow us to do a  
19      minimum of three audits at approximately 120,000  
20      each.   If they run under budget it allows us to do  
21      additional audits if we have funds available.

22                  CHAIRPERSON PFANNENSTIEL:   Are there  
23      questions?

24                  COMMISSIONER BYRON:   No.   Ms. Aronholt  
25      was kind enough to come and brief me on this



1 subject. Really I wanted to congratulate her on  
2 her new position and get to know her a little bit.

3 MS. ARONHOLT: Thank you.

4 COMMISSIONER BYRON: But it makes  
5 perfectly good sense to me. I'd like to move the  
6 item.

7 COMMISSIONER ROSENFELD: Second.

8 CHAIRPERSON PFANNENSTIEL: All in favor?

9 (Ayes.)

10 MS. ARONHOLT: Thank you.

11 CHAIRPERSON PFANNENSTIEL: It's been  
12 approved, thank you.

13 Item 5, possible approval of contract  
14 400-07-027 for \$55,000 to establish the Energy  
15 Commission's membership in Sustainable Energy  
16 Finance Alliance.

17 The SEF Alliance is an international  
18 platform to support and promote public finance  
19 mechanisms that increase innovation and private  
20 investment in renewable energy and energy  
21 efficiency sectors. Good morning.

22 MS. GOULD: Good morning, Chairman and  
23 Commissioners. My name is Angie Gould and I'm  
24 from the renewable energy office.

25 This contract is to establish the Energy

1 Commission's membership in the SEF Alliance for  
2 one year. The SEF Alliance is modeled on the  
3 clean energy states alliance, and it's an  
4 international collaboration of publicly  
5 sustainable energy funding agencies.

6 The mission of the SEF Alliance, which  
7 targets both developed and emerging markets, is to  
8 improve the effectiveness of its member agencies  
9 to finance and transform clean energy markets.

10 At the January 2, 2008 business meeting  
11 the Energy Commission approved a resolution to  
12 support the SEF Alliance. And we ask that the  
13 Energy Commission approve this contract.

14 CHAIRPERSON PFANNENSTIEL: Are there  
15 questions?

16 COMMISSIONER BOYD: Just a comment. I  
17 thank Ms. Gould for the in-depth briefing I got on  
18 this subject. A couple of submittals of  
19 information, and the only reason for that was one,  
20 I remembered our approval of the resolution before  
21 Commissioner Geesman arrived on the scene I was  
22 involved somewhat with the Clean Energy States  
23 Alliance and the folks who were setting this up.  
24 So I was curious to see it had moved along. So  
25 I'm very pleased to see this item, I'm sure.

1                   In fact, I'd move the item since I'm  
2                   taking the time.

3                   COMMISSIONER ROSENFELD:   Second.

4                   CHAIRPERSON PFANNENSTIEL:   All in favor?

5                   (Ayes.)

6                   CHAIRPERSON PFANNENSTIEL:   It's  
7                   approved, thank you.

8                   MS. GOULD:   Thank you.

9                   CHAIRPERSON PFANNENSTIEL:   Item 6,  
10                  possible approval of amendment 1 to contract 400-  
11                  05-021, Heschong Mahone Group, Inc., for \$35,000  
12                  augmentation and a one-year time extension to an  
13                  existing two-year contract.   Good morning.

14                  MS. EALEY:   Good morning, Madam Chair  
15                  and Commissioners.   My name is Tovah Ealey; I'm  
16                  with the appliance efficiency program, and I'll be  
17                  working with the enforcement side of that program.

18                  The final deliverable that we're waiting  
19                  for on this particular contract is going to be a  
20                  set of enforcement strategies that we can use in  
21                  the appliance efficiency program that are  
22                  applicable to California.

23                  Those strategies are going to be based  
24                  on the surveys that HMG is doing right now; and  
25                  also the research they're doing on different

1 enforcement strategies in other countries and  
2 other states, and other state agencies. So, we're  
3 looking forward to that.

4 The contract expires March 31, and so  
5 does the initial funding. So we're asking for a  
6 one-year extension and a \$35,000 fund  
7 augmentation. And we're anticipating that HMG  
8 will be able to complete its work by around  
9 October of this year. And I'd be happy to field  
10 any questions.

11 CHAIRPERSON PFANNENSTIEL: Tovah, is  
12 it -- we haven't put a lot of effort into  
13 enforcement, have we? Is this kind of the  
14 beginning of a more extensive enforcement program?

15 MS. EALEY: Yes, it is. Absolutely.

16 CHAIRPERSON PFANNENSTIEL: And the HMG  
17 contract will give us the information we need to  
18 put our money into the most effective enforcement,  
19 is that the concept?

20 MS. EALEY: That's the concept, yes. We  
21 do have certain enforcement abilities in our  
22 regulations; however it's good to see what other  
23 countries are doing in this area, see if there's  
24 anything that's already working that we can model  
25 after.

1 CHAIRPERSON PFANNENSTIEL: Thank you.

2 Are there other questions?

3 COMMISSIONER BOYD: A comment. I think  
4 this is very timely based on a lot of questions  
5 we've gotten from legislative staff lately in this  
6 arena. I think it's good we can show we're moving  
7 into the enforcement component.

8 COMMISSIONER ROSENFELD: Amen.

9 CHAIRPERSON PFANNENSTIEL: Is that a  
10 motion?

11 COMMISSIONER ROSENFELD: That's a  
12 motion.

13 CHAIRPERSON PFANNENSTIEL: Thank you.  
14 Is there a second?

15 COMMISSIONER BOYD: I'll second.

16 CHAIRPERSON PFANNENSTIEL: All in favor?

17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: Thank you.

19 MS. EALEY: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 7,  
21 possible approval of contract 500-07-030 for  
22 \$500,000 to the University of Southern California  
23 to develop and establish strategies to minimize  
24 the impact of terrorism and other hazards on the  
25 electric power grid. Good morning.

1                   MR. CHAMBERS: Good morning, Chairman  
2                   and Commissioners. My name is David Chambers; I'm  
3                   an electrical engineer on staff with the Public  
4                   Interest Energy Research program. I'm assigned to  
5                   the energy system integration group to manage  
6                   security research projects.

7                   I'm here to recommend for your possible  
8                   approval contract 500-07-030 with the University  
9                   of Southern California for \$500,000 to develop and  
10                  establish strategies to minimize the impact of  
11                  terrorism and other hazards on the electric grid.

12                 The purpose of this research aims to  
13                 implement the recommendations of a previous  
14                 research project entitled, vulnerability  
15                 assessment and security analysis of the electric  
16                 power system.

17                 And through this effort we aim to  
18                 develop, establish, mitigate measures to prevent  
19                 significant events in the power grid, to develop  
20                 and establish objectives and strategies to  
21                 minimize the impact of terrorist attack and other  
22                 hazards on the major power grid; predictive  
23                 failure analysis of large power transformers using  
24                 three-dimensional infrared and partial discharge  
25                 imaging and computer modeling. And the

1 development of a diagnostic security system for  
2 monitoring substation networks.

3 If you have any questions I'll be happy  
4 to answer.

5 CHAIRPERSON PFANNENSTIEL: Yes,  
6 Commissioner Byron.

7 COMMISSIONER BYRON: Thank you, Mr.  
8 Chambers. Electrical engineer, I'm so glad. I'd  
9 like to ask you a question, if I may. I note that  
10 one of the things that this research project  
11 proposes to do, as you said, is using this  
12 infrared imaging for potential future transformer  
13 failures.

14 MR. CHAMBERS: Yes.

15 COMMISSIONER BYRON: And I got involved  
16 in this a number of years ago, had to learn a lot  
17 about transformers.

18 There's a lot of predictive aspect to  
19 analyzing the oil in transformers, as well. Is  
20 this in --

21 MR. CHAMBERS: Yes.

22 COMMISSIONER BYRON: -- an effort to  
23 replace that or supplement it?

24 MR. CHAMBERS: First, although I'm hired  
25 as an electrical engineer I do not have my

1 license. I do have my EIT. Second, yes, this is  
2 to supplement the oil, the diagnostic procedure of  
3 looking at how much gas and oil and things of that  
4 nature.

5 COMMISSIONER BYRON: Because that's a  
6 pretty good technique for looking at, you know,  
7 predicting the life of transformers and what  
8 they've been through and, you know, what's  
9 happened to them.

10 MR. CHAMBERS: I agree, and it is what  
11 the industry is using, but I believe that this  
12 particular research, I think, will be even that  
13 much more helpful in this area.

14 COMMISSIONER BYRON: Okay. Good. Thank  
15 you.

16 COMMISSIONER ROSENFELD: Question, Madam  
17 Chairman. This, of course, went through the R&D  
18 Committee which approved the item, so I move it.

19 CHAIRPERSON PFANNENSTIEL: Thank you.  
20 Question, Commissioner Boyd?

21 COMMISSIONER BOYD: Yeah. David, your  
22 description and the write-up kind of vacillates  
23 back and forth between this being a statewide  
24 study and a southern California only study. Can  
25 you clarify for me if it's a southern California



1 study that's going to have potential to be  
2 utilized statewide? Or is it really meant to be a  
3 statewide study?

4 MR. CHAMBERS: It is a -- the program  
5 that I'm managing has a real small budget. And it  
6 is going to concentrate, the particular research  
7 is going to concentrate on the southern California  
8 area basin.

9 COMMISSIONER BOYD: Okay, but will the  
10 information be exportable to the whole statewide  
11 grid in terms of the information you learn?

12 MR. CHAMBERS: The techniques are  
13 applicable to the whole western area, the WECC.

14 COMMISSIONER BOYD: I saw the reference  
15 in --

16 MR. CHAMBERS: But there are certain  
17 uniquenesses between the southern California grid  
18 configuration and the northern California grid  
19 configuration, although the techniques are  
20 applicable. There are still additional items that  
21 need to be taken into consideration in the  
22 application of the results of this work.

23 COMMISSIONER BOYD: So that begs another  
24 question, is do we need a similar study for  
25 northern California, or are we planning to do one

1 after we get the results of this study and see  
2 what more, if anything, might be needed in  
3 northern California?

4 MR. CHAMBERS: That's --

5 COMMISSIONER BOYD: I've got to worry  
6 about the whole state.

7 MR. CHAMBERS: -- those are some of the  
8 feedback I'm hoping to get from our stakeholders,  
9 which is the Office of Homeland Security, Southern  
10 California Edison, CREETE, which is the Center for  
11 Risk and Economic Evaluations of Terrorist Events  
12 as well as the California ISO.

13 COMMISSIONER BOYD: Okay. Well, I would  
14 encourage that we move that along smartly in terms  
15 of our priorities for funding here. Anyway, thank  
16 you.

17 CHAIRPERSON PFANNENSTIEL: Other  
18 questions? Is there a second?

19 COMMISSIONER BYRON: I'll second it.

20 CHAIRPERSON PFANNENSTIEL: All in favor?

21 (Ayes.)

22 CHAIRPERSON PFANNENSTIEL: Thank you,  
23 David.

24 Item 8, possible approval of contract  
25 400-07-024 for \$48,000 with Pneu-Logic Corporation

1 to deliver up to 20 compressed air work stations  
2 at investor-owned utilities, municipal utilities  
3 and/or industrial plants. Good morning.

4 MR. SENGU: Good morning. I'm Marty  
5 Sengu; I'm probably the newest guy on the block  
6 here. I'm a retired annuitant, I've been here a  
7 few days. I work in the industrial energy  
8 efficiency sector. Of course, there's a  
9 tremendous potential for energy savings in that  
10 sector and we're hoping to have approval of this  
11 contract today. If you have any questions?

12 CHAIRPERSON PFANNENSTIEL: Are there  
13 questions?

14 COMMISSIONER ROSENFELD: I move the  
15 item.

16 COMMISSIONER BYRON: I'll second it.

17 CHAIRPERSON PFANNENSTIEL: All in favor?

18 (Ayes.)

19 MR. SENGU: Thank you so much.

20 CHAIRPERSON PFANNENSTIEL: Thank you.

21 Item 9, possible approval of funding  
22 award notices under the Energy Commission's  
23 existing renewable facilities program guidebook,  
24 renewables portfolio standard eligibility  
25 guidebook and overall program guidebook.

1           These funding award notices commit  
2           funding to production incentives for the following  
3           facilities subject to the guidelines in terms of  
4           their respective funding award notices.

5           Good morning, Mr. Orta.

6           MR. ORTA: Good morning. My name is  
7           Jason Orta and I'm the Account Lead for the  
8           existing renewable facilities program. The  
9           existing renewable facilities program provides  
10          funding in the form of production incentives to  
11          eligible renewable energy facilities for each  
12          kilowatt hour of eligible electricity generated.

13          The statutory purpose of the existing  
14          renewable facilities program is to improve the  
15          competitiveness and achieve self sustainability of  
16          existing instate solid fuel biomass, solar thermal  
17          electric and wind facilities.

18          Facilities eligible for funding are  
19          issued a funding award notice by the Energy  
20          Commission to provide funding pursuant to the  
21          Energy Commission's existing renewable facilities  
22          program guidebook, the renewables portfolio  
23          standard eligibility guidebook and the overall  
24          program guidebook.

25          The funding award notices do not specify

1 a dollar amount paid to the facility, nor does the  
2 funding award notice encumber funds for these  
3 facilities. However, each funding award notice  
4 identifies a facility-specific target price and  
5 production incentive cap.

6 The following are the facilities whose  
7 funding award notices I am submitting to the  
8 Commission for approval, along with each  
9 facility's proposed target price and proposed  
10 production incentive cap for the 2007 calendar  
11 year.

12 The first facility is Pacific-UltraPower  
13 Chinese Station with a proposed target price of  
14 7.3 cents per kilowatt hour, and a proposed  
15 production incentive cap of 1.5 cents a kilowatt  
16 hour.

17 Pacific Oroville with a proposed target  
18 price of 6.7 cents a kilowatt hour and proposed  
19 production incentive cap of 1.5 cents per kilowatt  
20 hour.

21 Burney Mountain Power with a proposed  
22 target price of 6.7 cents per kilowatt hour and a  
23 proposed production incentive cap of 1.5 cents per  
24 kilowatt hour.

25 Mount Lassen Power with a proposed

1 target price of 6.45 cents per kilowatt hour and a  
2 proposed production incentive cap of 1.5 cents per  
3 kilowatt hour.

4 The Covanta Delano facility with a  
5 proposed target price of 5.87 cents per kilowatt  
6 hour and a proposed production cap of 1.75 cents  
7 per kilowatt hour.

8 And the last facility is the Covanta  
9 Mendota facility with a proposed target price of  
10 6.15 cents per kilowatt hour and a proposed  
11 production incentive cap of 1.5 cents per kilowatt  
12 hour.

13 Staff evaluated the funding award  
14 applications for each of these facilities based on  
15 the required information submitted by the  
16 facility. Based on the information submitted on  
17 these applications staff believes that the funds  
18 provided by this program will enable these  
19 facilities to become self-sustaining and to  
20 provide California the environmental, economic and  
21 reliability benefits these facilities provide by  
22 continuing to operate.

23 This evaluation was performed in  
24 accordance with Public Resources Code section  
25 25742.

1               Based on the information submitted staff  
2       recommends the approval of the aforementioned  
3       target prices and production incentive caps listed  
4       on the proposed funding award notices along with  
5       the approval of each funding award notice in its  
6       entirety.

7               I will gladly answer any questions that  
8       the Commission may have on these funding award  
9       notices.

10              CHAIRPERSON PFANNENSTIEL: Jason, you've  
11       worked with these facilities on determining what  
12       they need in each case?

13              MR. ORTA: That's correct.

14              CHAIRPERSON PFANNENSTIEL: And they are  
15       accepting of these incentives?

16              MR. ORTA: Yes, that we have paid out  
17       these incentives, and in this case as far as I  
18       know, and in the previous funding award notices  
19       I've taken to these business meetings in the last  
20       year with one exception, there has been  
21       satisfaction with the awards that I have proposed.

22              CHAIRPERSON PFANNENSTIEL: Thank you.  
23       Other questions? Yes, Commissioner Byron.

24              COMMISSIONER BYRON: Mr. Orta, maybe you  
25       can answer this, or maybe Mr. Bles can. I

1 understand that we've been doing this since 1998  
2 or so. But is this the first one that's come to  
3 the full Commission for approval?

4 MR. ORTA: What has happened was, is  
5 that in -- yes, this program has been around since  
6 1998 and the biomass and solar thermal electric  
7 facilities have participated; the same facilities  
8 have participated in the program since then.

9 However, SB-1250, which was enacted in  
10 January of 2007, required that each facility  
11 applying for funding from the program be evaluated  
12 individually, and that the awards -- and it added  
13 language in -- SB-1250 had language that required  
14 that the funding be used so that to enable the  
15 facilities to become self-sustaining within the  
16 2011 -- I'm sorry, within the 2007 to 2011 years.

17 So in that change basically again  
18 required that we look at each facility on an  
19 individual basis because from 1998 to 2006 the  
20 funding awards were looked at from a technology  
21 basis, all of the biomass facilities received the  
22 same target price and incentive cap, and the same  
23 with all the solar thermal facilities.

24 It's just that now with SB-1250 we have  
25 to do this evaluation on an individual facility-



1 by-facility basis.

2 COMMISSIONER BYRON: And the Renewables  
3 Committee reviews this award, correct?

4 MR. ORTA: That's correct.

5 COMMISSIONER BYRON: Okay.

6 CHAIRPERSON PFANNENSTIEL: Yes, the  
7 Renewables Committee has to look at each one of  
8 these facilities now.

9 COMMISSIONER BYRON: And if I understood  
10 correctly, there was actually an appeal process  
11 that went on and you had looked at them more than  
12 once?

13 CHAIRPERSON PFANNENSTIEL: Yes.

14 COMMISSIONER BYRON: Okay. Thank you.

15 EXECUTIVE DIRECTOR JONES: I was just  
16 going to add that prior to the individuals, the  
17 Renewables Committee was delegated the authority  
18 to sign these agreements. Since then the  
19 attorneys have reviewed that a felt more  
20 comfortable having them actually come through a  
21 business meeting. So that's a change in practice  
22 that came along with this change in law.

23 COMMISSIONER BYRON: Thank you, both,  
24 very much.

25 CHAIRPERSON PFANNENSTIEL: Is there a

1 motion for approval?

2 COMMISSIONER BYRON: I'll move approval.

3 COMMISSIONER BOYD: Second.

4 CHAIRPERSON PFANNENSTIEL: All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Thank you,  
7 Jason, they're approved.

8 MR. ORTA: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Approval of  
10 the minutes from the January 30th meeting, which I  
11 believe had all of the Commissioners except, of  
12 course, Commissioner Douglas.

13 COMMISSIONER BOYD: Move approval.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: The minutes  
18 are approved.

19 Committee presentations. Let me, under  
20 this, make or announce some changes in the policy  
21 committees. We'll follow this up eventually with  
22 an order to this effect, but with Commissioner  
23 Douglas coming on board and some other changes  
24 that I thought we needed to make to the policy  
25 committees, we've made some changes.

1           So let me go through them and get them  
2   on the record and into everybody's knowledge base  
3   so we can start enacting these changes.

4           So, the first one I'll note is that  
5   we've combined the Electricity and Natural Gas  
6   Committees. So now there is a single Committee  
7   and Commissioner Byron will preside and  
8   Commissioner Boyd will be the Associate.

9           The Siting Committee will have  
10   Commissioner Byron presiding; Commissioner Douglas  
11   as the Associate.

12          Efficiency Committee will remain with  
13   myself as presiding and Commissioner Rosenfeld as  
14   the Associate.

15          Renewables Committee, Commissioner  
16   Douglas will preside and I will be the Associate.

17          Transportation Committee, Commissioner  
18   Boyd will preside; Commissioner Douglas will be  
19   the Associate.

20          R&D will have Commissioner Rosenfeld  
21   presiding and Commissioner Boyd as the Associate.

22          The IEPR Committee will have  
23   Commissioner Byron presiding and myself as the  
24   Associate.

25          There are two, what I refer to as ad hoc

1 policy committees. One on demand response with  
2 Commissioner Rosenfeld as the presiding and myself  
3 as the Associate.

4 And an AB-32 Committee where I'm the  
5 Presiding Commissioner and Commissioner Byron is  
6 the Associate.

7 Beyond that there are the Administrative  
8 Committees, Leg and Budget. For both of those the  
9 Chairman will preside and the Vice Chairman will  
10 be the Associate. So that's Jim and myself.

11 And that Committee structure will go  
12 into effect now. As I say, we'll get an order out  
13 to that effect. I just wanted people to be aware  
14 of that change.

15 Is there discussion or questions about  
16 that?

17 COMMISSIONER BYRON: Well, just from a  
18 practical point of view, we have a couple  
19 Committee meetings this afternoon. How should we  
20 proceed?

21 CHAIRPERSON PFANNENSTIEL: New  
22 Committees.

23 COMMISSIONER BYRON: All right.

24 CHAIRPERSON PFANNENSTIEL: New  
25 Committees are effective.

1           Also, I want to note that we have, based  
2           on discussions between myself and President Peevey  
3           of the PUC, President Peevey and I decided to just  
4           not re-issue the Energy Action Plan that has been  
5           around from the '03, and then an '05 version.

6           Rather than re-doing it, that we would  
7           go through and just update anything in it that  
8           needed updating. And we've been working on that  
9           for the last several weeks, or maybe months. And  
10          are about to just issue it under our signatures  
11          and I have shared the version of it with my fellow  
12          Commissioners, and incorporated changes that  
13          they've offered up.

14          But I think the PUC and we are in  
15          agreement that this is not a necessary time to go  
16          back and try to rewrite this document. And the  
17          PUC quite openly deferred to our IEPR  
18          recommendations for the major policy issues that  
19          arise.

20          And since the IEPR was adopted so  
21          recently by this Commission it seemed to me that  
22          if the IEPR then can form the basis for the update  
23          of the Energy Action Plan, we could do that.  
24          Getting that word out with a sort of minimum of  
25          re-inventing all of those policy discussions.

1           So, sometime shortly that will be issued  
2       just as an update under Mike's and my signature,  
3       over Mike's and my signature.

4           Discussion or questions about Energy  
5       Action Plan? Yes, Commissioner Byron.

6           COMMISSIONER BYRON: I attended, as a  
7       member of the public, the first joint meeting of  
8       all the Commissioners I think back in 2000 or  
9       2001. And we were certainly, at that time,  
10      looking to the Commissions for some help. The  
11      state needed a great deal of help.

12          Having read this update I think it's an  
13      excellent document. I think these Commissioners  
14      that have served in this capacity and coordinated  
15      have really done a lot to advance good energy  
16      policy in the state.

17          So, I'm really -- I was going to say I'm  
18      proud to put my name to the accomplishment of my  
19      fellow Commissioners, but I don't get to put my  
20      name on this document.

21          CHAIRPERSON PFANNENSTIEL: I think  
22      you'll be associated with it.

23          COMMISSIONER BYRON: And I think it's  
24      very good. I noted maybe one area that is not  
25      mentioned in here, and I'm sure there are others,

1 but I think this is exactly the kind of thing that  
2 helps these two Commissions to continue to work  
3 together and solve some of the more difficult  
4 problems that exist.

5 So, instead of listing my issue, or  
6 perhaps others, I'll just say I endorse this  
7 document. I guess there's no motion or anything  
8 of any kind --

9 CHAIRPERSON PFANNENSTIEL: I don't think  
10 there needs to be, thank you.

11 COMMISSIONER BYRON: Okay, thank you.

12 CHAIRPERSON PFANNENSTIEL: Yes,  
13 Commissioner Rosenfeld.

14 COMMISSIONER ROSENFELD: You've raised  
15 my curiosity now, Commissioner Byron. You said  
16 you have an issue. Are you willing to say, two  
17 minutes, a minute of --

18 COMMISSIONER BYRON: Sure. And there's  
19 probably others that -- I mean how can you cover  
20 all of the energy spectrum in such a short  
21 document.

22 But I think we still have some work to  
23 do with regard to the long-term procurement  
24 process and the transparency around the selection  
25 of contracts. I think the PUC's recent decision

1 goes a long way to addressing those issues.

2 I think our staff did an excellent job  
3 of providing testimony on that, much of which was  
4 incorporated into that decision. But I still  
5 think there's more to be done there.

6 COMMISSIONER BOYD: I would just comment  
7 that I'm impressed and pleased that the PUC has  
8 embraced the IEPR, the Integrated Energy Policy  
9 Report. And kind of like Commissioner Byron, I've  
10 allowed my pleasure with that feature alone, which  
11 I think is very significant, to override any other  
12 concerns because all of our concerns are listed in  
13 the Integrated Energy Policy Report.

14 And if they didn't make it by specific  
15 reference in the Energy Action Plan, we've got the  
16 whole camel in the tent now, and we can begin to  
17 work on these issues, only one of which is the  
18 issue that Commissioner Byron just mentioned.

19 So I'm very pleased to see this occur,  
20 and I just hope that we continue to have regular  
21 progress against plan meetings, and we really do  
22 hold ourselves to those plans so we can honestly  
23 assess whether we're making progress or not in  
24 these meetings. I know it's a tough thing to do  
25 in a public forum, but I think it's a healthy



1       thing to do.

2               So, I'm pleased to see the document.

3               CHAIRPERSON PFANNENSTIEL: Thank you.

4       Further questions, discussion?

5               Okay, other Commission presentations or  
6       discussion. Anything else, colleagues? No?

7               Chief Counsel report, Jonathan.

8               MR. BLEES: Thank you. Two brief items.  
9       Mr. Chamberlain is at a WECC meeting in Salt Lake  
10      City today and will be at another WECC meeting  
11      here in town on Friday.

12              Second, at the most recent business  
13      meeting there was a closed session, and the  
14      Commission approved participation in a suit that's  
15      been filed by several states and efficiency  
16      advocate groups challenging the U.S. Department of  
17      Energy's recently adopted efficiency standards for  
18      furnaces and boilers. And the Energy Commission  
19      will be working very closely with the California  
20      Attorney General in our intervention.

21              Thank you.

22              CHAIRPERSON PFANNENSTIEL: Thank you,  
23      Mr. Blees. Executive Director report, Ms. Jones.

24              EXECUTIVE DIRECTOR JONES: Good morning.  
25      The only thing I wanted to point out is that I am

1 moving forward in filling positions in the  
2 executive office.

3 And recently, last week, I appointed  
4 Claudia Chandler as our Chief Deputy Director.  
5 Claudia is busy doing her job so she's not here.  
6 But she has been our Public Information Officer  
7 for over 20 years; has a breadth of understanding  
8 of energy issues. And I think she will add a lot  
9 to our management team.

10 Thank you.

11 CHAIRPERSON PFANNENSTIEL: Thank you,  
12 Melissa. Now we wait for the next domino of who  
13 then will replace Claudia.

14 EXECUTIVE DIRECTOR JONES: That is  
15 correct, and there will be continuing dominoes as  
16 we fill positions.

17 CHAIRPERSON PFANNENSTIEL: That's  
18 actually good news, thank you.

19 Leg Director report, Mr. Smith.

20 LEGISLATIVE DIRECTOR SMITH: Good  
21 morning, Commissioners, and welcome, Commissioner  
22 Douglas.

23 I just wanted to make a couple of quick  
24 notes. I want to bring your attention to a couple  
25 of bills that were recently introduced, two of

1       which -- one of which has a direct effect on us,  
2       AB-1909 by Assemblymember Hayashi. It would  
3       require the Energy Commission, in siting a power  
4       plant in a jurisdiction that already has an  
5       existing power plant, we would be required to  
6       insure that the construction conforms to all  
7       applicable ordinances. And we would be required  
8       to seek the approval of the local jurisdiction.

9               Secondly, AB-1920 by Assemblymember  
10       Huffman. This is a net metering bill. And I  
11       might say the latest in what seems to be a growing  
12       string of legislation that is based on the IEPR,  
13       2007 IEPR in particular.

14              This basically would codify the  
15       requirement to -- would allow electricity, excess  
16       electricity generated to be sold back to the  
17       utility at an appropriate price. It doesn't  
18       define that in the statute.

19              And then lastly, SB-1174 by Lowenthal  
20       simply adds some definitions of clean fuel  
21       vehicles to the statute.

22              We'll be looking at these bills and  
23       then, of course, coordinating with Commissioners'  
24       offices on our analyses.

25              The only other thing I want to mention

1 is yesterday, Chairman Pfannenstiel, you  
2 participated in the Senate energy hearing on the  
3 status of the California Solar Initiative. We  
4 have several hearings coming up. By the way,  
5 there is some homework that came out of that that  
6 we need to respond to Senator Oropeza on her  
7 questions about the multi-unit buildings.

8 We have several hearings coming up  
9 starting next week, February 19th, Assembly  
10 Utilities and Commerce on the use of contractors  
11 by the CEC for the IEPR and for our PIER program.

12 A little bit farther out in the future,  
13 towards the end of the month, Assembly Utilities  
14 and Commerce on the 26th; we'll be holding a  
15 hearing on the status of the RPS.

16 And --

17 CHAIRPERSON PFANNENSTIEL: Was that just  
18 announced, Mike?

19 LEGISLATIVE DIRECTOR SMITH: Pardon me?

20 CHAIRPERSON PFANNENSTIEL: Was that just  
21 announced? I didn't have that.

22 LEGISLATIVE DIRECTOR SMITH: No,  
23 that's --

24 CHAIRPERSON PFANNENSTIEL: That's the  
25 26th, and that was --

1           LEGISLATIVE DIRECTOR SMITH:  It's not in  
2     the daily file yet, but it's -- we received  
3     communication from the Committee recently on that.

4           CHAIRPERSON PFANNENSTIEL:  And then on  
5     the 25th, as I remember, Utilities and Commerce is  
6     having a hearing with Mike Peevey and they may  
7     have an IEPR discussion on that.

8           LEGISLATIVE DIRECTOR SMITH:  That's  
9     correct.  President Peevey will be coming to  
10    Sacramento to give his annual report on PUC  
11    activities to the Assembly Utilities and Commerce.

12           And, as part of that, the Committee is  
13    inviting the Energy Commission to come and give a  
14    briefing of the Assembly Utilities and Commerce  
15    Committee on the 2007 IEPR.

16           And then --

17           CHAIRPERSON PFANNENSTIEL:  And where are  
18    we on the leg schedule now?  All bills that are  
19    going to be introduced have to have been  
20    introduced, is that the case?

21           LEGISLATIVE DIRECTOR SMITH:  No.  The  
22    date is, the deadline is February 22nd for all new  
23    bills to be introduced.  The deadline -- the end  
24    of last month was the deadline for two-year bills  
25    to get out of the first House.

1                   So we have about, what, another week or  
2                   so in which we will no doubt see a deluge of new  
3                   legislation that we'll have to take a look at and  
4                   analyze.

5                   CHAIRPERSON PFANNENSTIEL:   Thank you.  
6                   Are there questions?   Thank you.

7                   Public Adviser report.

8                   MR. BARTSCH:   Madam Chair, Members, Nick  
9                   Bartsch representing the Public Adviser's Office.  
10                  We don't have a report for you at this time.   We  
11                  are looking forward to working with Commissioner  
12                  Douglas, welcome.   Thank you.

13                  CHAIRPERSON PFANNENSTIEL:   Thank you,  
14                  Nick.

15                  Any public comment?   Anybody on the  
16                  phone?

17                  Thank you.   We'll be adjourned.

18                  (Whereupon, at 10:40 a.m., the business  
19                  meeting was adjourned.)

20                               --o0o--

## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,  
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